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SOVIET SENDS SECRET AID; DESAI HINTS

Indian Minister Gets Quizzed On CIA Activities

By JAMES S. KEAT
(New Delhi Bureau of The Sun)

New Delhi, March 24—Morarji Desai, Deputy Prime Minister, hinted today that the Soviet Union is also secretly channeling funds to private groups in India.

Questioned about this week's furor over alleged activities of the Central Intelligence Agency, Desai commented, "No one says anything about money from Soviet Russia."

He implied that the Russians supply large amounts of Indian currency to supporters here by allowing them to act as brokers for imports from this country.

Trade Set-Up Known

The fact that Indian Communists have established trading organizations which represent the Soviet Union in its purchases with rupees earned from credit sales here has long been known but rarely discussed in public.

Desai did not elaborate on the subject at the press conference, his first since assuming office, was terminated at this point.

Leftist members of Parliament, supported by a few conservatives, complained yesterday that the United States was using its large amount of Indian currency here to influence elections and for subversion.

Credited To U.S.

The rupees are credited to the United States from the sales of food assistance. Most is loaned back to the Indian Government for economic development, but a portion is reserved for the use of the United States Embassy here.

Asked about the charges, Desai replied: "When they say this they are only abusing America. No one says anything about money from Russia."

Desai, who is also Finance Minister, pointed out that: "We have rupee accounts with almost all countries." It is impossible to keep track of all these holdings of local currency, he said.

In answer to another question at the press conference, Desai expressed disdain for the reported plan of Gamal Abdel Nasser, President of the United Arab Republic, to refuse future repayments of foreign debts unless further aid is forthcoming from the creditor nation.

"Who will then give you loans?" Desai asked rhetorically. "You can always talk so, but then you won't get anything."

Desai conceded that India's economy is "in difficult shape" but rejected suggestions that part of its trouble is due to the harsh dose of taxation he applied in 1963, during his previous term as Finance Minister.

Deficit Move Rejected

"Those who say that have no brains," Desai said. His controversial 1963 budget "saved you . . . you are existing only because of that," he said.

Together with his flat rejection of deficit financing in the budget he will present to Parliament in May, Desai's remarks reinforced speculation he will order a stiff dose of orthodox fiscal stringency.

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